

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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1. Malenkov's fall from power is the result of two things: 1) the failure of the internal economic policy instituted soon after Stalin's death and 2) the maneuvering of a group in the Presidium opposed to his leadership. A group of "Old Bolsheviks" has been opposed to Malenkov's rise since the day of Stalin's death. This group includes Khrushchev, Molotov, Kaganovich, and Bulganin. They were able to force Malenkov from his position on the Secretariat in March 1953, but had to work quietly and gradually to subvert his power sufficiently to be able to effect his political downfall. Malenkov, when he was acting as Stalin's right hand before the dictator's death, was able to do many unpleasant things to Khrushchev, Molotov, and Bulganin and they are now having their revenge. These members of the Party Presidium never wanted to see Malenkov as Chairman of the Council of Ministers and as first man on the Presidium but could not, in the early days after Stalin's death, afford to rock the precarious stability that existed at that time.
2. The immediate cause which they have seized as a pretext for relieving Malenkov from his pre-eminent position is the failure of the attempts to raise the standard of living in the country. This economic policy, set into motion soon after Stalin's death, probably was an agreed policy of the whole Presidium, but was associated with Malenkov because he, as Chairman of the Council of Ministers, first enunciated it and was putting it into effect. When it became apparent to the Presidium that this policy would fail, they probably further agreed that a return to a more orthodox Stalinist policy was necessary. However, the group around Khrushchev felt that this was the time to saddle Malenkov with the responsibility for the failure of their previous policy and utilize this as a lever with which to oust him.
3. Malenkov's removal makes Khrushchev's rise to the top position definite. At this time, it would appear that Khrushchev is now even more powerful in his relationship to the other members of the Presidium than Malenkov ever was. However, Khrushchev will be fearful of moving forward too fast in the footsteps of Stalin and therefore will be content to continue to use the facade of collective leadership behind which he continues to solidify his position. The

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other members of the group will be wary of any attempt by him to mount to an absolute dictatorship of the Stalin-type, since it would mean their own fall from power. Khrushchev will therefore attempt to keep the forces within the Presidium in a balance until he is sure that he has absolute power.

will be more successful at this than Malenkov was.

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there will be a certain stability for some months, although a constant jockeying for position will be going on behind the scenes.

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4. Bulganin was chosen as Chairman of the Council of Ministers because he had been the Minister of Defense and therefore the head of the armed forces. the army has now gained the position in the Government formerly held by the MVD/MGB complex; that the armed forces have more influence than any other single force in the Government. This is not to say that they are in command in the Soviet Union or in a position to enforce their wishes, since they, as the MVD/MGB before them, are closely controlled by the Communist Party, which sets the policy and makes the decision. But they have increased their prestige among the people and their influence in the Party. In view of this, although Khrushchev would have preferred not to see Bulganin as Chairman of the Council of Ministers, he was forced to put him forward. Khrushchev probably reasoned that, since he himself could not take both this position and the First Secretaryship of the Party, which he now holds, and still maintain a facade of collective leadership, the position would have to go to another. Khrushchev may then have further thought that Bulganin, by virtue of his position in the armed forces, would be able to take the position himself, and that therefore it would be better if the Party, through Khrushchev, chose him. He therefore nominated Bulganin himself, thus emphasizing that this was the Party's choice.

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5. Bulganin does not have sufficient authority of his own for the position that he now holds. While Bulganin may be an efficient administrator, he is not a sufficiently experienced economic organizer to run the economy. For this reason, Kaganovich, as First Deputy Chairman of the Council of Ministers, may be the actual economic administrator in the new Government. In this connection,

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Kaganovich may not enjoy working as Bulganin's subordinate. The people of Moscow dislike Bulganin because of his actions during the late 1930's, when he removed all the trees from the streets of Moscow. Now, when the press reports that Moscow will soon be green as a result of the replanting of trees in the late 40's, the people remark that, if Bulganin had left the trees there, Moscow would have been green long ago.

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6. Possibly Vasilyevskiy will be chosen as Minister of Defense to replace Bulganin. Zhukov is too popular with the people and with the army.¹ With the army's present influence, the Party will prefer a lesser figure who can be controlled. The Party's problem with Zhukov is how to reduce his present position, not whether he should be given a more important position. Zhukov was brought back from the Urals at the time of Stalin's death because the Party leaders needed his authority and popularity to bolster their Government in that time of crisis. The choice of Zhukov as Minister of Defense would please army officers, but is too risky a choice for the Party.
7. Malenkov will not receive a position in the Party or a position as minister in the economic machinery.² He may receive some sort of post in the Council of Ministers for a little while, but any power or prestige he ever had is now gone. Malenkov will probably remain on the Presidium formally but his functions in it are ended. There will be a purge of Malenkov supporters within the Party. There will not be any publicity or open arrests connected with this purge. It will take the form of changes in posts for Malenkov men, some straight shifts and some demotions. This purge is probably now in effect, and, in fact, started some months ago.

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8. Malenkov's fall will have a profound effect upon the people and upon the economic managers and ministers of the economy. The flux in leadership evidenced since Stalin's death, the instability of any cohesive line will lead these ministers and managers to view any position they might take as an unsure one. They will find it hard to know how to proceed. Under Stalin they could be sure where the power lay and could be sure that, with a change in line, the new line came from the same power. Under present conditions they cannot be sure who is on top, nor for how long he or his policies may be the ones to follow. This will lead to a feeling even among the people that, since Stalin's death, the Government has been unable to direct the economy of a country as large as the Soviet Union. They will feel that the system which Stalin managed to keep together is now breaking up. They will now lose any hope of ever getting a better standard of living or achieving any of the goals they have dreamed about.
9. In order to counter this, the new Government will make a big propaganda splash about a new course that the collective leadership, now freed from Malenkov's incompetence, has worked out. This economic course will be the one outlined in the present budget and recent high-level speeches. The Government will claim that Malenkov had been unable to work out an effective policy, but that now they are starting afresh. The Government, though cutting back on consumer goods goals from the advances projected in 1954, will not cut back these goals below the level planned for 1952-53.
10. This latest shift in Moscow is another indication of the weakness of the Soviet Union. There will be a period in which a hard line will be followed propaganda-wise in international affairs, but in which actions on the international scene will be soft. There will be more inclination to bargain at international conferences now than before. International affairs did not play any role in Malenkov's fall, but the present leaders may use the fall to claim that Malenkov refused to change his position on such problems as West German rearmament and the Formosa question but that now they can change theirs. If the present struggle among the leaders continues without resolution, the Soviet Union is likely to turn to war as an answer. Also, if economic conditions continue to turn downward, the leaders may turn to war as the only answer.
11. [redacted] this latest manifestation of instability is an irrevocable blow to Soviet policy in general. It will result in an undermining of the authority of the Soviet Union in the eyes of the world. It will also result in a diminution of the authority of the Soviet Union vis-a-vis MAO Tse-tung. Since Stalin's death, MAO has moved more and more independently. Decisions such as that on Formosa are made by MAO alone. He communicates with Moscow but probably does not accept advice from it. MAO will now be more cautious about Formosa, since he can clearly see that all is not well in Moscow, and that the Government there is weaker than it would like him to think.

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correct approach to this problem now will push MAO further away from the Soviet Union and toward more independence [redacted]

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Comments:

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1. Marshal Georgiy Konstantinovich Zhukov was appointed Minister of Defense on 9 February 1955.
2. Malenkov was appointed Minister of Electric Power Stations on 9 February 1955.

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